

1 John K. Gallagher, Esq.  
Nevada State Bar No. 956  
2 Patrick H. Gallagher, Esq.  
Nevada State Bar No. 14875  
3 GUILD, GALLAGHER & FULLER, LTD.  
100 West Liberty Street, Suite 800  
4 P.O. Box 2838  
Reno, Nevada 89505  
5 Telephone: (775) 786-2366  
Fax: (775) 322-9105  
6 *jgallagher@ggfld.com*  
*pgallagher@ggfld.com*

*Attorneys for Chad Blanchard, Water Master*

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA**

12 THE UNITED STATES OF AMERICA,  
13 Plaintiff,

IN EQUITY

Case No. 3:73-CV-00003-MMD

14

15 ORR WATER DITCH COMPANY, et  
16 al.,

## Defendants

**AGREEMENT OF FUNDING PARTIES FOR APPROVAL OF  
TRUCKEE RIVER OPERATING AGREEMENT BUDGET FOR  
FISCAL YEAR OCTOBER 1, 2022, TO SEPTEMBER 30, 2023**

Pursuant to Section 2.C.3 of the Truckee River Operating Agreement dated September 6, 2008, the required approval is needed of a majority of the three Funding Parties, to wit: The United States of America, the State of California and the State of Nevada.

The Federal Water Master, Chad Blanchard, the designated Administrator (“Federal Water Master”), herein, submits to the Court, that the Court previously approved by Order signed February 2, 2022, the “tentative” budget for the fiscal year October 1, 2021, to September 30, 2022. This tentative budget has been updated and the Federal Water Master now submits this budget to the Court as his “proposed” budget for the fiscal year October 1, 2022, to September 30, 2023. This Agreement is signed by the required majority of the Funding Parties and the proposed budget is

1 attached hereto as Exhibit "A". The proposed budget is the sum of \$1,500,000.00, which sum will  
 2 be paid from the Funding Parties per their previously agreed percentages as follows:

|   |                          |                   |
|---|--------------------------|-------------------|
| 3 | United States of America | \$ 600,000.00     |
| 4 | State of Nevada          | 600,000.00        |
|   | State of California      | <u>300,000.00</u> |
| 5 |                          | \$1,500,000.00    |

6 The Federal Water Master is asking for the Court to approve this proposed budget.

7 The Federal Water Master, Chad Blanchard, also submits for approval by the Funding Parties,  
 8 his proposed tentative budget for the Truckee River Operating Agreement for fiscal year October 1,  
 9 2023, to September 30, 2024, as Exhibit "B" attached hereto. The projected budget is the sum of  
 10 \$1,850,000.00, which sum will be paid from the assessment of the Funding Parties per their  
 11 previously agreed to percentages as follows:

|    |                          |                   |
|----|--------------------------|-------------------|
| 12 | United States of America | \$ 740,000.00     |
| 13 | State of Nevada          | 740,000.00        |
|    | State of California      | <u>370,000.00</u> |
| 14 |                          | \$1,850,000.00    |

15 The Federal Water Master also submits for approval by the Funding Parties, his proposed  
 16 tentative budget for the fiscal year October 1, 2024, to September 30, 2025, as Exhibit "C" attached  
 17 hereto. The projected budget is the sum of \$1,937,500.00, which sum will be paid from the  
 18 assessment of the Funding Parties as follows:

|    |                          |                   |
|----|--------------------------|-------------------|
| 19 | United States of America | \$ 775,000.00     |
| 20 | State of Nevada          | 775,000.00        |
|    | State of California      | <u>387,500.00</u> |
| 21 |                          | \$1,937,500.00    |

22 In addition, TROA section 7(A)(2)(b)(3) provides "[i]n addition to any fees that may be  
 23 charged by United States, [Washoe County Water] Conservation District may impose fees [Annual  
 24 Fee] for its calculated annual cost of operation and maintenance of Boca Dam and Reservoir  
 25 performed in accordance with this agreement".

26 The Conservation District shall provide this information to the Federal Water Master on  
 27 November 1, 2022 and continue to provide the information by November 1 of each subsequent year.

28 The Average Proportion of Flow for the Annual Fee shall be calculated by the Federal Water

1 Master based on a running average as provided in section 7(A)(2)(b)(3), beginning with the water  
 2 year ending September 30, 2021.

3       No later than January 15, 2023, Federal Water Master's Annual Fee calculations shall be  
 4 communicated to the Parties.

5       The Parties agree to pay the Federal Water Master for their apportioned share of the Annual  
 6 Fee no later than April 30 each year based upon the latest calculation of the Annual Fee as  
 7 determined by the Federal Water Master.

8       The second Annual Fee has been calculated to be \$89,125.55 (Exhibit "D") and shall be paid  
 9 by the Parties no later than April 30, 2023, as follows:

|                          |                    |
|--------------------------|--------------------|
| United States of America | \$40,380.42        |
| State of Nevada          | \$35,650.22        |
| State of California      | <u>\$13,094.91</u> |
| Total Annual Fee         | \$89,125.55        |

10      The Federal Water Master shall distribute the Annual Fee collected for the Boca Account to  
 11 the Conservation District within 30 days upon receipt of all funds.

12      The Federal Water Master shall include an accounting of fees collected and distributed in  
 13 the Boca Account in his annual audited financial report to be filed with this Court.

14      These proposed tentative budgets are designed to give the Parties notice, and ample time to  
 15 prepare for future budgets for the Truckee River Operating Agreement and the Water Master  
 16 proposes to continuously provide two years of "tentative" budgets along with the "proposed" current  
 17 budget. Signatures to this Agreement are not bound by these budgets, as costs and expenses may  
 18 vary from year to year as circumstances may change, and actual budgets are submitted each year.  
 19 Any and all surpluses of income over expenses shall be held in reserve by the Federal Water Master  
 20 to be used for any budget short falls or unanticipated expenses.

21      The Federal Water Master, Chad Blanchard, also submits to the Court for its approval the  
 22 audited Financial Report for Administration of the Truckee River Operating Agreement filed for the  
 23 fiscal year October 1, 2021, to September 30, 2022.

24      This Agreement may be executed in two or more counterparts (including by facsimile or by  
 25 an electronic scan delivered by electronic mail), each of which shall be deemed an original, but all

1 of which together shall be considered one and the same agreement, and shall become effective when  
2 counterparts have been signed by the majority of the Funding Parties hereto and delivered to the  
3 other Funding Parties, it being understood that the majority of the Funding Parties need not sign the  
4 same counterpart.

5 By executing this document, the parties hereby give their approval of the Budget as  
6 submitted and submit the same to the Court for its approval.

7 DATED THIS 29 DAY OF December, 2022

9 **U.S. DISTRICT COURT WATER MASTER**

10  
11 By: Chad Blanchard  
12 CHAD BLANCHARD

13 **GUILD, GALLAGHER & FULLER, LTD.**

14  
15 By: John K. Gallagher  
16 JOHN K. GALLAGHER, ESQ.  
Nevada State Bar No. 956  
17 PATRICK H. GALLAGHER, ESQ.  
Nevada State Bar No. 14875  
18 100 West Liberty Street, Suite 800  
Reno, NV 89501  
Phone: 775-786-2366  
19 Fax: 775-322-9105

20 *Attorneys for U.S. District Court Water Master*

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28 ////

1 UNITED STATES OF AMERICA  
2

3 By: \_\_\_\_\_  
4

5 Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
6

7 STATE OF NEVADA  
8

9 By: Adam Sullivan  
10

11 Print Name: ADAM SULLIVAN  
Title: STATE ENGINEER  
12 Date: 01/09/2023  
13

14 STATE OF CALIFORNIA  
15

16 By: \_\_\_\_\_  
17

18 Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
19

20 APPROVED BY THIS COURT  
21

22 Date: \_\_\_\_\_  
23

24 By: \_\_\_\_\_  
United States District Judge  
25

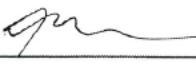
1                   **UNITED STATES OF AMERICA**

2  
3       By: \_\_\_\_\_  
4       Print Name: \_\_\_\_\_  
5       Title: \_\_\_\_\_  
6       Date: \_\_\_\_\_  
7

8                   **STATE OF NEVADA**

9  
10     By: \_\_\_\_\_  
11     Print Name: \_\_\_\_\_  
12     Title: \_\_\_\_\_  
13     Date: \_\_\_\_\_  
14

15                   **STATE OF CALIFORNIA**

16     By:   
17     Print Name: Juan Escobar  
18     Title: Principal Engineer, WR  
19     Date: 1/6/2023  
20

21                   **APPROVED BY THIS COURT**

22     Date: January 19, 2023

23  
24     By:   
25                   United States District Judge  
26  
27  
28

## EXHIBIT LIST

- A. Proposed Budget for the Truckee River Operating Agreement for the Fiscal Year October 1, 2022, to September 30, 2023.
  - B. Proposed Tentative Budget for the Truckee River Operating Agreement for Fiscal Year October 1, 2023, to September 30, 2024.
  - C. Proposed Tentative Budget for the Truckee River Operating Agreement for Fiscal Year October 1, 2024, to September 30, 2025.
  - D. Proposed Budget for Boca Dam and Reservoir Account for Fiscal Year ending September 30, 2023.

**Exhibit "A"**

**In Equity 3:73-cv-0003-MMD**  
 U.S. District Court - Chad J Blanchard, TROA Administrator  
 Truckee River Operating Agreement Administration

**Proposed Budget**

**Statements of Revenues, Expenses and Retained Earnings**  
**Fiscal Year ending September 30, 2023**

**Budgeted Revenues**

|   |                    |
|---|--------------------|
| Administrative Fees - United States       | \$600,000          |
| Administrative Fees - State of Nevada     | \$600,000          |
| Administrative Fees - State of California | <u>\$300,000</u>   |
| <b>Total Budgeted Revenue</b>             | <b>\$1,500,000</b> |

**Budgeted Expenses**

|  |                    |
|--|--------------------|
| Computer Consulting, Software & Licensing                  | \$46,261           |
| Depreciation   | \$42,215           |
| Habitat Restoration Fund                                   | \$60,925           |
| Hearing Officer  | \$5,000            |
| Payroll Taxes  | \$54,906           |
| Professional, Legal & Audit Fees                           | \$66,700           |
| Rent, Telephone, Supplies & Overhead                       | \$105,610          |
| RiverWare Modeling & Technical Consulting                  | \$90,000           |
| Stream Gaging & Telemetry Data Retrieval                   | \$94,680           |
| Travel & Conference  | \$16,100           |
| TROA Administration Staff & Benefits                       | <u>\$1,157,841</u> |
| <b>Total Budgeted Operating Expenses</b>                   | <b>\$1,740,238</b> |
| <b>Budgeted Net Income (Loss)</b>                          | <b>-\$240,238</b>  |
| Item Not Affecting Working Capital (Depreciation)          | <u>42,215</u>      |
| <b>Total Budgeted Working Capital Provided</b>             | <b>-\$198,024</b>  |
| Working Capital Applied To Budgeted Equipment Acquisitions | <u>-8,500</u>      |
| <b>Budgeted Increase (Decrease) in Working Capital</b>     | <b>-\$206,524</b>  |

**Exhibit "B"**

**In Equity 3:73-cv-0003-MMD**  
 U.S. District Court - Chad J Blanchard, TROA Administrator  
 Truckee River Operating Agreement Administration

**Tentative Budget**

**Statements of Revenues, Expenses and Retained Earnings**  
**Fiscal Year ending September 30, 2024**

**Budgeted Revenues**

|   |                    |
|---|--------------------|
| Administrative Fees - United States       | \$740,000          |
| Administrative Fees - State of Nevada     | \$740,000          |
| Administrative Fees - State of California | <u>\$370,000</u>   |
| <b>Total Budgeted Revenue</b>             | <b>\$1,850,000</b> |

**Budgeted Expenses**

|   |                    |
|---|--------------------|
| Computer Consulting, Software & Licensing | \$45,387           |
| Depreciation                              | \$45,170           |
| Habitat Restoration Fund                  | \$63,971           |
| Hearing Officer                           | \$5,500            |
| Payroll Taxes                             | \$58,749           |
| Professional, Legal & Audit Fees          | \$73,370           |
| Rent, Supplies & Overhead                 | \$112,663          |
| RiverWare Modeling & Technical Consulting | \$65,000           |
| Stream Gaging & Telemetry Data Retrieval  | \$104,148          |
| Travel & Conference                       | \$17,710           |
| TROA Administration Staff & Benefits      | <u>\$1,273,626</u> |
| <b>Total Budgeted Operating Expenses</b>  | <b>\$1,865,294</b> |

|   |                  |
|---|------------------|
| <b>Budgeted Net Income (Loss)</b>                 | <b>-\$15,294</b> |
| Item Not Affecting Working Capital (Depreciation) | <u>\$45,170</u>  |

|  |                  |
|--|------------------|
| <b>Total Budgeted Working Capital Provided</b>             | <b>\$29,876</b>  |
| Working Capital Applied To Budgeted Equipment Acquisitions | <u>-\$30,000</u> |

|  |               |
|--|---------------|
| <b>Budgeted Increase (Decrease) in Working Capital</b> | <b>-\$124</b> |
|--|---------------|

**Exhibit "C"**

**In Equity 3:73-cv-0003-MMD**  
 U.S. District Court - Chad J Blanchard, TROA Administrator  
 Truckee River Operating Agreement Administration

**Tentative Budget**

**Statements of Revenues, Expenses and Retained Earnings**  
**Fiscal Year ending September 30, 2025**

**Budgeted Revenues**

|   |                    |
|---|--------------------|
| Administrative Fees - United States       | \$775,000          |
| Administrative Fees - State of Nevada     | \$775,000          |
| Administrative Fees - State of California | <u>\$387,500</u>   |
| <b>Total Budgeted Revenue</b>             | <b>\$1,937,500</b> |

**Budgeted Expenses**

|   |                    |
|---|--------------------|
| Computer Consulting, Software & Licensing | \$47,656           |
| Depreciation                              | \$47,428           |
| Habitat Restoration Fund                  | \$67,170           |
| Hearing Officer                           | \$5,775            |
| Payroll Taxes                             | \$61,687           |
| Professional, Legal & Audit Fees          | \$77,039           |
| Rent, Supplies & Overhead                 | \$115,421          |
| RiverWare Modeling & Technical Consulting | \$68,250           |
| Stream Gaging & Telemetry Data Retrieval  | \$109,355          |
| Travel & Conference                       | \$18,596           |
| TROA Administration Staff & Benefits      | <u>\$1,361,935</u> |
| <b>Total Budgeted Operating Expenses</b>  | <b>\$1,980,311</b> |

|   |                  |
|---|------------------|
| <b>Budgeted Net Income (Loss)</b>                 | <b>-\$42,811</b> |
| Item Not Affecting Working Capital (Depreciation) | <u>\$47,428</u>  |

|  |                  |
|--|------------------|
| <b>Total Budgeted Working Capital Provided</b>             | <b>\$4,617</b>   |
| Working Capital Applied To Budgeted Equipment Acquisitions | <u>-\$33,000</u> |

|  |                  |
|--|------------------|
| <b>Budgeted Increase (Decrease) in Working Capital</b> | <b>-\$28,383</b> |
|--|------------------|

**Exhibit "D"**

**In Equity 3:73-cv-0003-MMD**  
U.S. District Court - Chad J Blanchard, TROA Administrator  
Truckee River Operating Agreement Administration

**Proposed Budget**  
**Administrator Statement of Annual Fees and Expenses**  
**Fiscal Year ending September 30, 2023**  
**BOCA DAM AND RESERVOIR ACCOUNT**

**Boca Dam and Reservoir Annual Fees**

|                          |                    |
|--------------------------|--------------------|
| United States of America | \$40,380.42        |
| State of Nevada          | \$35,650.22        |
| State of California      | <u>\$13,094.91</u> |
|                          | <b>\$89,125.55</b> |

**Total Annual Fees**

**Budgeted Operating Expenses**

|   |                    |
|---|--------------------|
| Transfer to                               |                    |
| Washoe County Water Conservation District | <u>\$89,125.55</u> |

|  |                    |
|--|--------------------|
| <b>Total Budgeted Operating Expenses</b> | <b>\$89,125.55</b> |
|--|--------------------|

|                                   |               |
|-----------------------------------|---------------|
| <b>Budgeted Net Income (Loss)</b> | <b>\$0.00</b> |
|-----------------------------------|---------------|